



General Assembly

January Session, 2007

Raised Bill No. 1383

LCO No. 4618

* _____SB01383HS_APP032207_____*

Referred to Committee on Human Services

Introduced by:
(HS)

AN ACT CONCERNING MEDICAID MODERNIZATION.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 17b-239 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2007*):

3 (a) The rate to be paid by the state to hospitals receiving
4 appropriations granted by the General Assembly and to freestanding
5 chronic disease hospitals, providing services to persons aided or cared
6 for by the state for routine services furnished to state patients, shall be
7 based upon [reasonable] actual cost to such hospital, or the charge to
8 the general public for ward services or the lowest charge for
9 semiprivate services if the hospital has no ward facilities, imposed by
10 such hospital, whichever is lowest, except to the extent, if any, that the
11 commissioner determines that a greater amount is appropriate in the
12 case of hospitals serving a disproportionate share of indigent patients.
13 Such rate shall be promulgated annually by the Commissioner of
14 Social Services. Nothing contained in this section shall authorize a
15 payment by the state for such services to any such hospital in excess of
16 the charges made by such hospital for comparable services to the
17 general public. Notwithstanding the provisions of this section, for the

18 rate period beginning July 1, 2000, rates paid to freestanding chronic
 19 disease hospitals and freestanding psychiatric hospitals shall be
 20 increased by three per cent. For the rate period beginning July 1, 2001,
 21 a freestanding chronic disease hospital or freestanding psychiatric
 22 hospital shall receive a rate that is two and one-half per cent more than
 23 the rate it received in the prior fiscal year and such rate shall remain
 24 effective until December 31, 2002. Effective January 1, 2003, a
 25 freestanding chronic disease hospital or freestanding psychiatric
 26 hospital shall receive a rate that is two per cent more than the rate it
 27 received in the prior fiscal year. Notwithstanding the provisions of this
 28 subsection, for the period commencing July 1, 2001, and ending June
 29 30, 2003, the commissioner may pay an additional total of no more
 30 than three hundred thousand dollars annually for services provided to
 31 long-term ventilator patients. For purposes of this subsection, "long-
 32 term ventilator patient" means any patient at a freestanding chronic
 33 disease hospital on a ventilator for a total of sixty days or more in any
 34 consecutive twelve-month period. Effective July 1, 2004, each
 35 freestanding chronic disease hospital shall receive a rate that is two per
 36 cent more than the rate it received in the prior fiscal year.

37 (b) Effective October 1, [1991] 2007, the rate to be paid by the state
 38 for the cost of special services rendered by such hospitals shall be
 39 established annually by the commissioner for each such hospital based
 40 on the [reasonable] actual cost to each hospital of such services
 41 furnished to state patients. Nothing contained herein shall authorize a
 42 payment by the state for such services to any such hospital in excess of
 43 the charges made by such hospital for comparable services to the
 44 general public.

45 (c) The term "reasonable cost" as used in subsections (b) and (c) of
 46 this section means the cost of care furnished such patients by an
 47 efficient and economically operated facility, computed in accordance
 48 with accepted principles of hospital cost reimbursement. The
 49 commissioner may adjust the rate of payment established under the
 50 provisions of this section for the year during which such services are

51 furnished to reflect fluctuations in hospital costs. Such adjustment may
 52 be made prospectively to cover anticipated fluctuations or may be
 53 made retroactive to any date subsequent to the date of the initial rate
 54 determination for such year or in such other manner as may be
 55 determined by the commissioner. In determining "reasonable cost" the
 56 commissioner may give due consideration to allowances for fully or
 57 partially unpaid bills, reasonable costs mandated by collective
 58 bargaining agreements with certified collective bargaining agents or
 59 other agreements between the employer and employees, provided
 60 "employees" shall not include persons employed as managers or chief
 61 administrators, requirements for working capital and cost of
 62 development of new services, including additions to and replacement
 63 of facilities and equipment. The commissioner shall not give
 64 consideration to amounts paid by the facilities to employees as salary,
 65 or to attorneys or consultants as fees, where the responsibility of the
 66 employees, attorneys or consultants is to persuade or seek to persuade
 67 the other employees of the facility to support or oppose unionization.
 68 Nothing in this subsection shall prohibit the commissioner from
 69 considering amounts paid for legal counsel related to the negotiation
 70 of collective bargaining agreements, the settlement of grievances or
 71 normal administration of labor relations. Effective October 1, 2007,
 72 when determining a rate adjustment for a hospital for services
 73 provided on and after October 1, 2007, the commissioner shall adjust
 74 the rate of payment made to such hospital based on the actual costs of
 75 the services provided.

76 (d) The state shall also pay to such hospitals for each outpatient
 77 clinic and emergency room visit a reasonable rate to be established
 78 annually by the commissioner for each hospital, such rate to be
 79 determined by the reasonable cost of such services. The emergency
 80 room visit rates in effect June 30, 1991, shall remain in effect through
 81 June 30, 1993, except those which would have been decreased effective
 82 July 1, 1991, or July 1, 1992, shall be decreased. Nothing contained
 83 herein shall authorize a payment by the state for such services to any
 84 hospital in excess of the charges made by such hospital for comparable

85 services to the general public. For those outpatient hospital services
 86 paid on the basis of a ratio of cost to charges, the ratios in effect June
 87 30, 1991, shall be reduced effective July 1, 1991, by the most recent
 88 annual increase in the consumer price index for medical care. For those
 89 outpatient hospital services paid on the basis of a ratio of cost to
 90 charges, the ratios computed to be effective July 1, 1994, shall be
 91 reduced by the most recent annual increase in the consumer price
 92 index for medical care. The emergency room visit rates in effect June
 93 30, 1994, shall remain in effect through December 31, 1994. The
 94 Commissioner of Social Services shall establish a fee schedule for
 95 outpatient hospital services to be effective on and after January 1, 1995.
 96 Except with respect to the rate periods beginning July 1, 1999, and July
 97 1, 2000, such fee schedule shall be adjusted annually beginning July 1,
 98 1996, to reflect necessary increases in the cost of services.
 99 Notwithstanding the provisions of this subsection, the fee schedule for
 100 the rate period beginning July 1, 2000, shall be increased by ten and
 101 one-half per cent, effective June 1, 2001. Notwithstanding the
 102 provisions of this subsection, outpatient rates in effect as of June 30,
 103 2003, shall remain in effect through June 30, 2005. Effective July 1, 2006,
 104 subject to available appropriations, the commissioner shall increase
 105 outpatient service fees for services that may include clinic, emergency
 106 room, magnetic resonance imaging, and computerized axial
 107 tomography. Not later than October 1, 2006, the commissioner shall
 108 submit a report, in accordance with section 11-4a, to the joint standing
 109 committees of the General Assembly having cognizance of matters
 110 relating to public health, human services and appropriations and the
 111 budgets of state agencies, identifying such fee increases and the
 112 associated cost increase estimates. For the rate period beginning on
 113 July 1, 2007, rates paid for outpatient clinic services and emergency
 114 room visits shall be equal to the actual cost.

115 (e) The commissioner shall adopt regulations, in accordance with
 116 the provisions of chapter 54, establishing criteria for defining
 117 emergency and nonemergency visits to hospital emergency rooms. All
 118 nonemergency visits to hospital emergency rooms shall be paid at the

119 hospital's outpatient clinic services rate. Nothing contained in this
120 subsection or the regulations adopted hereunder shall authorize a
121 payment by the state for such services to any hospital in excess of the
122 charges made by such hospital for comparable services to the general
123 public.

124 (f) On and after October 1, 1984, the state shall pay to an acute care
125 general hospital for the inpatient care of a patient who no longer
126 requires acute care a rate determined by the following schedule: For
127 the first seven days following certification that the patient no longer
128 requires acute care the state shall pay the hospital at a rate of fifty per
129 cent of the hospital's actual cost; for the second seven-day period
130 following certification that the patient no longer requires acute care the
131 state shall pay seventy-five per cent of the hospital's actual cost; for the
132 third seven-day period following certification that the patient no
133 longer requires acute care and for any period of time thereafter, the
134 state shall pay the hospital at a rate of one hundred per cent of the
135 hospital's actual cost. On and after July 1, 1995, no payment shall be
136 made by the state to an acute care general hospital for the inpatient
137 care of a patient who no longer requires acute care and is eligible for
138 Medicare unless the hospital does not obtain reimbursement from
139 Medicare for that stay.

140 (g) Effective June 1, 2001, the commissioner shall establish inpatient
141 hospital rates in accordance with the method specified in regulations
142 adopted pursuant to this section and applied for the rate period
143 beginning October 1, 2000, except that the commissioner shall update
144 each hospital's target amount per discharge to the actual allowable cost
145 per discharge based upon the 1999 cost report filing multiplied by
146 sixty-two and one-half per cent if such amount is higher than the target
147 amount per discharge for the rate period beginning October 1, 2000, as
148 adjusted for the ten per cent incentive identified in Section 4005 of
149 Public Law 101-508. If a hospital's rate is increased pursuant to this
150 subsection, the hospital shall not receive the ten per cent incentive
151 identified in Section 4005 of Public Law 101-508. For rate periods

152 beginning October 1, 2001, through September 30, 2006, the
 153 commissioner shall not apply an annual adjustment factor to the target
 154 amount per discharge. Effective April 1, 2005, the revised target
 155 amount per discharge for each hospital with a target amount per
 156 discharge less than three thousand seven hundred fifty dollars shall be
 157 three thousand seven hundred fifty dollars. Effective October 1, 2006,
 158 subject to available appropriations, the commissioner shall establish an
 159 increased target amount per discharge of not less than four thousand
 160 dollars for each hospital with a target amount per discharge less than
 161 four thousand dollars for the rate period ending September 30, 2006,
 162 and the commissioner may apply an annual adjustment factor to the
 163 target amount per discharge for hospitals that are not increased as a
 164 result of the revised target amount per discharge. Not later than
 165 October 1, 2006, the commissioner shall submit a report, in accordance
 166 with section 11-4a, to the joint standing committees of the General
 167 Assembly having cognizance of matters relating to public health,
 168 human services and appropriations and the budgets of state agencies
 169 identifying the increased target amount per discharge and the
 170 associated cost increase estimates. Effective October 1, 2007, the
 171 commissioner shall establish inpatient rates equal to the actual cost of
 172 providing such services.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2007</i>	17b-239
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HS

Joint Favorable C/R

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